

CellMark AB 2023 Canada Forced labor and child labor in supply chains statement

This statement, made under Canadian Bill S-211 Forced Labour and child labour in supply chains act, provides a presentation of CellMark AB's (CellMark) human rights and environmental due diligence efforts, describing the processes, forced- and child labor risks identified, and actions taken during the financial year that ended December 31 2023 (Statement).

Reporting entity's legal name: CellMark AB	Financial reporting year: 2023
Identification of revised report: This is CellMark AB's first report under the Canadian forced labour and child labour supply chains act.	Business number(s): Swedish company register: SE 556244-2433
Identification of a joint report: This report covers the operations of CellMark AB. The policies, procedures, risks and actions described are also valid for other legal entities in the wider CellMark Group (the Group), although not covered by the Canadian forced labour and child labour in supply chains act.	Entity categorization: Canadian business presence: <ul style="list-style-type: none"> • Place of business in Canada • Does business in Canada Size-related thresholds: <ul style="list-style-type: none"> • At least \$20 million in assets for at least one of its two most recent financial years • Generated at least \$40 million in revenue for at least one of its two most recent financial years • Employs an average of at least 250 employees for at least one of its two most recent financial years
Sector/Industry: Commodity trading and supply chain services;	Location: CellMark AB is the parent company of the CellMark Group, headquartered in Gothenburg, Sweden.
Reporting obligations in other jurisdictions: CellMark AB is subject to human rights/modern slavery reporting in the below jurisdictions. Relevant statements for 2023 will be made available on CellMark's external website by the end of June 2024. <ul style="list-style-type: none"> • The United Kingdom's <i>Modern Slavery Act 2015</i> • Australia's <i>Modern Slavery Act 2018</i> • Norway's <i>Transparency Act 2022</i> 	

1. Introduction to CellMark

Founded in 1984 in Gothenburg, Sweden, CellMark has its roots in the international trade and distribution of raw materials related to the global pulp and paper industry. Over the years, the group developed world-class marketing and supply chain service capabilities and expanded into new product areas. Today, the group consists of five successful international Divisions: Pulp, Packaging & Paper, Recycling, Chemicals, and Basic Materials. The Group has also grown operations for recycled plastics and biomass for energy within its divisional structure.

When doing business, CellMark is committed to promoting sustainability and acting in accordance with international guidelines on the environment, human rights, and business ethics including:

- the UN Global Compact
- internationally proclaimed human rights standards and conventions (in particular the International Bill of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the eight core conventions of the International Labour Organization, and Article 32 of the United Nations Convention on the Rights of the Child)
- the OECD Convention on combating bribery of Foreign Public Officials in International Business Transactions
- the OECD Guidelines for Multinational Enterprises.

CellMark's main commitments can be summarized as follows:

- As a principle, we comply with the laws and regulations that apply in the countries in which we operate.
- We care about our business partners. Our success relies on long-term relationships with our customers, suppliers, and service providers, founded on trust.
- We care about our employees. As CellMark's success relies also on the unique knowledge and experience of its employees, the Group strives to preserve good working conditions for all.
- We apply "precautionary principles". We take precautions when there are reasons to believe that a potential action may negatively impact a person's health or safety, the society, or the environment.
- We are committed to respecting and promoting human rights as well as protecting children's rights. We condemn modern slavery and forced labor.
- We encourage employees to express their views and opinions, and raise their concerns regarding unacceptable behavior and actions, without fear of retaliation.

1.1. Our divisions

1.1.1. Pulp

CellMark's Pulp Division is a global sales and marketing platform for wood pulp, biomass energy, wood chips, and caustic soda in the Nordic region of Europe. The Division has a global presence with four main global hub offices in Gothenburg, Geneva, Singapore, and Norwalk (Connecticut, USA), as well as numerous branch offices.

1.1.2. Packaging & Paper

CellMark's Packaging & Paper Division is a global distributor of a wide variety of packaging and paper products. In addition to its core marketing and supply chain services activities, the Division is the exclusive distributor for particular product segments for major paper & packaging groups in certain geographies. The Division has a global presence, with 14 offices worldwide and access to packaging and paper products all over the world.

1.1.3. Recycling

CellMark's Recycling Division is a full-service organization that buys, sells, produces, and transports recycled fiber, plastics, metals, and job lot/stock lot rolls across the globe. In North America, the Division also owns and operates four recycling facilities and is active in four other recycling facilities through joint venture partnerships. The Division has a global presence, with offices and production facilities across North America, Europe, the Caribbean, South America, and Asia. In 2023, CellMark Recycling sourced and traded over 2.2 million tons globally and processed over 400 000 tons of waste through its facilities.

1.1.4. Chemicals

CellMark's Chemicals Division specializes in the sourcing, sales & marketing, and custom manufacturing of specialty chemical products. Through its laboratory capabilities and R&D platforms, the Division designs and develops custom-made solutions for its customers. By leveraging CellMark Chemicals' inventory of more than 1000 industrial, pharmaceutical, and personal care products, Custom Manufacturing represents more than 10 percent of CellMark Chemicals' sales.

The Division's global team of Regulatory Specialists ensures that CellMark Chemicals and the products provided comply with the full spectrum of regulatory bodies, such as REACH, OSHA, FDA, USDA, DEA, EPA, and GHS/CLP. CellMark Chemicals has a global presence, with 13 offices located worldwide. It owns a cGMP-compliant facility with particle engineering and custom formulation capabilities.

1.1.5. Basic Materials

CellMark's Basic Materials Division trades and distributes a selected range of basic chemicals and metal products broadly used in common industries. The Division has a global presence in 5 regions: Europe, Middle East & Africa, Asia, Latin America, and North America. It is active in 60 countries, with a network of 22 offices around the globe.

1.2. Our services

1.2.1. Sales & Marketing

With its experience and global presence, CellMark offers its customers and suppliers all types of sales and marketing services, timely, market information, risk management, order tracking, invoicing, and trade documentation.

1.2.2. Local warehousing, logistics & customer service

CellMark's logistics capabilities fulfill the needs of both the suppliers and customers. These services are integrated with the Group's Divisions. As a large shipper of goods, CellMark has cultivated close relationships with major shipping lines, forwarding companies, terminals, haulers, and insurance companies.

1.2.3. Trade finance-related services

CellMark's finance team creates financial and risk management solutions from offices in Gothenburg, Geneva, Shanghai, Singapore, Istanbul, Novato (California, USA), Miami (Florida, USA), Norwalk (Connecticut, USA), and Shelton (Connecticut, USA). The Group strives to design its financial solutions around the buyer's or seller's trading cycle, thereby minimizing risks.

1.2.4. Regulatory & compliance support

CellMark helps customers and suppliers navigate the complexities of domestic and foreign markets. At the same time, we identify new business opportunities created by regulatory changes and reduce the possibility of non-compliance.

1.2.5. Chemical custom manufacturing and research & development

CellMark strives to offer, design, and develop custom-made solutions to everyday manufacturing challenges in specialty chemicals using its global lab capabilities and R&D platforms.

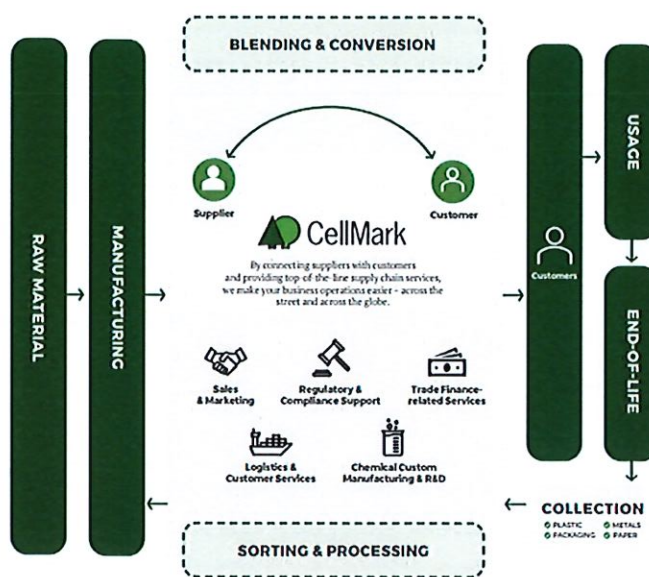
1.3. CellMark's approach to Environment, Social and Governance (ESG) and compliance

As a responsible company, CellMark is committed to integrating ESG in its everyday business and activities and works constantly to improve its strategy and ESG reporting practices. CellMark's Board of Directors has the ultimate responsibility for defining the Group's ESG & Compliance strategy and the Management Team has the responsibility to implement this strategy through the Divisional Presidents. The Board of Directors and the Management Team are supported by the ESG & Compliance function, which has the overall responsibility for the development, implementation, and maintenance of the ESG & Compliance strategy and programs. The Vice President of ESG & Compliance reports to the Chief Executive Officer and the Chairman of the Board. ESG & Compliance Coordinators have been appointed to support the roll-out of the ESG & Compliance strategy and programs within their Division, by providing awareness on and contributing to the operational implementation of ESG & Compliance.

2 Structure and value chain

The CellMark Group has an extensive network of more than 50 offices in over 30 countries, supplemented with numerous representatives around the world, resulting in a global reach with a presence in more than 70 locations.

Operating activities are conducted by legally independent companies grouped together in the following business Divisions: Pulp, Packaging & Paper, Recycling, Chemicals, and Basic Materials. As at December 31, 2023, the Group included CellMark AB and 45 consolidated subsidiaries, as well as 5 representative offices.

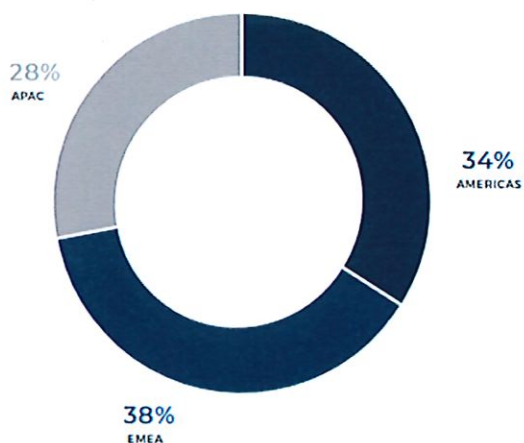


Visualization of CellMark's value chain and operations

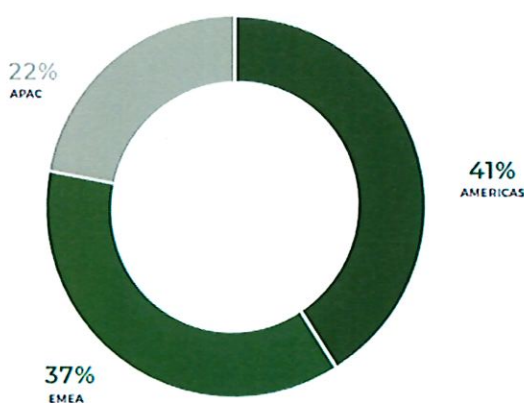
CellMark provides products, services, and solutions to its customers and suppliers all over the world. The Group's customers and business partners are located in more than 120 countries. In 2023, the Group served more than 2 800 active customers and had more than 6 200 active suppliers.

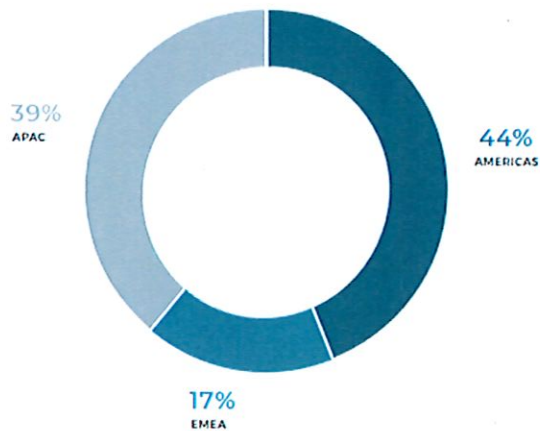
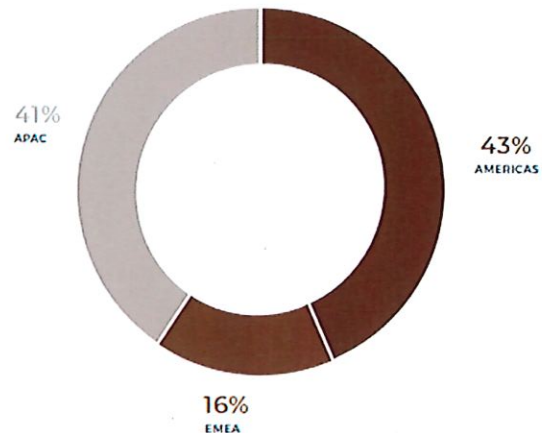
In 2023, among the Group's +6 200 active suppliers, 29 percent were product suppliers, 18 percent were freight providers, and 53 percent were other service providers.

DISTRIBUTION OF ACTIVE PRODUCT SUPPLIERS IN 2023 (BY GEOGRAPHIC AREA)



DISTRIBUTION OF ACTIVE SUPPLIERS IN 2023 (BY GEOGRAPHIC AREA)



DISTRIBUTION OF ACTIVE FREIGHT SUPPLIERS IN 2023 (BY GEOGRAPHIC AREA)

DISTRIBUTION OF ACTIVE OTHER SUPPLIERS IN 2023 (BY GEOGRAPHIC AREA)


3 Key steps taken in 2023 to reduce the risk that forced labor or child labor is used at any point of CellMark AB's value chain

Framework review

In 2023, CellMark conducted a complete revision of its corporate compliance & ethics framework as part of the further development of its ESG & Compliance program, with a view of also making the steering documents simpler and easier to understand. The review included the creation (or update) and implementation of the following documents:

- Code of Conduct
- Code of Conduct for Business Partners
- Know Your Counterpart Directive
- Corporate Social Responsibility Policy
- Anti-Bribery and Anti-Corruption Policy
- Whistleblowing Policy

More information about each policy is available under section 4.

Code of conduct for business partners

A Code of Conduct for Business Partners was adopted by CellMark's Management Team and deployed through the inclusion of specific provisions in the contractual agreements (written contracts or terms and conditions) with the Group's business partners, or through the execution of letters of assurance by the business partners. This Code sets out CellMark's expectations toward its business partners in the fields of business ethics, environment, and human rights & working conditions. It also describes the mechanisms for seeking advice and raising concerns. The implementation of the Code of Conduct for Business Partners started in 2023 and will be completed in 2024.

4 Policies and due diligence processes in relation to forced labour and child labour

Code of Conduct

CellMark's Code of Conduct provides ethical standards for all Group employees. It sets the tone by reinforcing CellMark's principle of doing business with integrity and describes how the Group expects its activities to be conducted. It also describes the mechanisms for seeking advice and raising concerns.

The Code is based on the following international legislations and standards regarding environment, human rights and business ethics that CellMark supports and works actively to comply with:

- The UN Global Compact Initiative.
- Internationally proclaimed human rights standards and conventions, such as the International Bill of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the core conventions of the International Labor Organization, and Article 32 of the United Nations Convention on the Rights of the Child.
- The OECD Convention on combating bribery of Foreign Public Officials in International Business Transactions.
- The OECD Guidelines for Multinational Enterprises.

In relation to forced labor and child labor specifically the Code of Conduct, on page 17, states that CellMark does not engage in child labor and forced labor (including debt bondage, trafficking, and other forms of modern slavery) and do not knowingly engage with anyone involved in child labor, forced labor, or other unfair and illegal practices.

[Link to read CellMark's Code of Conduct.](#)

Code of Conduct for Business Partners – implementation. (see section 1.7.6.3 in Sustainability report)

As mentioned in section 3 above, the CellMark's Code of Conduct for Business Partners sets out CellMark's expectations toward its business partners in the fields of business ethics, environment, and human rights & working conditions. The Code of Conduct for Business Partners builds on, and reiterates, CellMark's commitment to comply and work actively with the above mentioned international guidelines regarding environment, human rights and business ethics (see section on the Code of Conduct).

In relation to forced labor and child labor specifically the Code of Conduct for Business Partners, on page 6, state that CellMark's business partners shall never:

- Use or benefit from forced labour, regardless of its form; this prohibition includes debt bondage, trafficking, and other forms of modern slavery.
- Employ children below the age of 15 or any higher minimum age for employment according to applicable laws; exceptions can only be made if their employment is in accordance with the International Labour Organization's convention on child labor (No. 138). Under no circumstances shall a person below the age of 18 be employed for any form of hazardous work.

[Link to read CellMark's Code of Conduct for Business Partners.](#)

Corporate Social Responsibility (CSR) Policy

In addition to its Code of Conduct, the Group has implemented a Corporate Social Responsibility Policy that includes a set of principles for procurement activities so as to assess and consider potential human rights risks across the supply chain. This includes that the sourcing of new commodity suppliers should include:

- due diligence efforts to ensure that the products sourced in relation to their business with CellMark do not contribute, or is not directly linked, to human rights abuses.
- Written undertaking from the supplier that it will comply with CellMark's Code of Conduct for Business Partners which prohibits forced or child labor and promotes decent working conditions.

The Corporate Social Responsibility Policy further sets out that a supplier may be terminated if:

- it refuses to perform an audit or refuses to provide a letter of assurance or any other type of integrity undertaking
- the monitoring of the business partner reveals non-compliance with applicable laws or with the Code of Conduct for Business Partners.

Anti-Bribery and Anti-Corruption Policy

CellMark AB recognises the intrinsic connection between bribery & corruption and adverse impacts on human rights. Being committed to responsible business conduct, CellMark has adopted an Anti-Bribery and Anti-Corruption Policy, clearly describing potential risks and the main principles that applies in relation to bribery & corruption in CellMark's business context.

Building on the principles of the Anti-Bribery and Anti-Corruption Policy, as well as the Trade Sanctions & Export Control Policy, the Know Your Counterpart Directive sets out that:

- due diligence must be performed on all new business partners prior to any business transaction; this initial due diligence is done by the Credit team that verifies the financial strength of the business partners and screens them against sanctions, money laundering, and adverse media risks (which can include human rights- & environmental related risks).
- CellMark performs regular batch screening on all its existing business partners. Screening is performed with an external tool. In 2023, CellMark's due diligence process was audited by the Group's internal audit

Conflict minerals program

Even though CellMark does not fall within the scope of legislation mandating conflict minerals due diligence, the Group is actively committed to sourcing responsibly and implemented voluntarily a conflict minerals program in 2022, based on the globally recognized framework from the Organization for Economic Co-operation and Development

(OECD). To date, based on the assessments performed so far on its relevant suppliers, CellMark has uncovered no evidence that any of its suppliers have contributed to conflict or human rights violations.

Certifications

As part of CellMark's commitment to responsible and sustainable business conduct, CellMark maintains a number of third-party certifications, including:

- FSC - CellMark is certified by the Forest Stewardship Council®, an independent, non-governmental, non-profit organization established to promote the responsible management of the world's forests. FSC® certification ensures that products come from responsibly managed forests that provide environmental, social, and economic benefits.
- PEFC – CellMark is also certified by the Programme for the Endorsement of Forest Certification (PEFC), that promotes sustainable forest management — environmentally, socially beneficial, and economically viable management of forests for present and future generations through independent third-party forest certification.

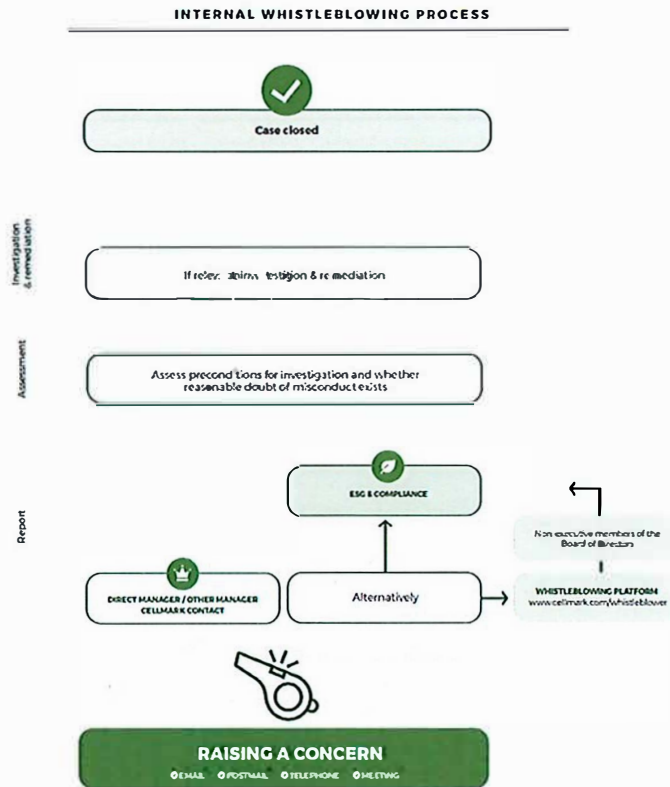
More information about the certifications maintained by CellMark can be found in the [2023 Sustainability report](#) (p.48-49).

Whistleblowing

CellMark has implemented mechanisms that are available internally and externally for (i) seeking advice and asking questions about ethical and lawful behavior, and organizational integrity, and (ii) reporting concerns about unethical or unlawful behavior and organizational integrity. The Board of Directors has the overall responsibility for these mechanisms.

For employees, the reporting mechanisms are detailed in the Code of Conduct and the Whistleblower Policy (that are available on the Group’s intranet, CellNet). The process is also described on CellNet and CellMark’s external website.

For external stakeholders, these reporting mechanisms are described in the Code of Conduct for Business Partners and on [CellMark’s website](#). Employees and external stakeholders can report allegations of misconduct via several channels: in writing, by telephone, by requiring a meeting, or via CellMark’s whistleblowing platform. The whistleblowing platform is operated by an independent external service provider. It can be used by employees or external stakeholders (it is accessible via CellMark’s website) and provides an option to remain anonymous.



5 The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk

As a supply chain services company facilitating business operations and providing services to its customers, most of CellMark employees are office-based and, as such, the risk for the Group of being directly involved in (causing) slavery, human trafficking, or child labor is very low. However, given the diverse nature of the commodities traded, and the at times complex value chains, CellMark is mindful that there is a risk of being *linked to* adverse human rights impacts. This is one of the main drivers behind the development of the conflict minerals program described above.

In 2024 CellMark plan to develop a risk-based approach to human rights and environmental due diligence to increase its ability to identify, assess and (if needed) remediate potential adverse human rights impacts, including forced labor or child labor.

6 Any measures taken to remediate any forced labour or child labour

No specific action was taken in 2024 to remediate forced labour or child labour, as no such case was identified or reported.

7 Measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains

No specific action was taken in 2024 to remediate forced labour or child labour, as no such case was identified or reported.

8 The training provided to employees on forced labour and child labour

Employee awareness raising and training are an essential pillar of CellMark's commitment towards ESG, compliance and sustainability. In 2023, as part of the implementation of the new Ethics & Compliance framework (see section 3), a new Code of Conduct e-learning series was developed and launched. This e-learning series is based on the chapters of CellMark's Code of Conduct and focuses on ESG & Compliance risks and key commitments.

CellMark AB's commitment to human rights, and the condemnation of forced labor and child labor was included in the e-learning, but no specific section (or separate training] was dedicated to the topic in 2023.

9 Assessing the effectiveness of efforts made to ensure forced labour and child labour are not being used in CellMark's business and supply chains

The above-mentioned focus in 2024 to develop a risk-based human rights and environmental due diligence process will also include efforts to measure the effectiveness of the actions taken to mitigate the risk of adverse human rights impacts.

10 Further read

More information about CellMark AB, our approach to ESG, Compliance and Sustainability and the principles we operate by is available via the links below:

- [CellMark AB 2023 Sustainability Report](#)
- [CellMark AB Code of Conduct](#)
- [CellMark AB Code of Conduct for Business Partners](#)

11 Attestation and approval

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed

above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I Have the authority to bind CellMark AB.



Christer Simrén

2024-05-30

President & CEO CellMark AB